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# The Gazette of India

EXTRAORDINARY  
PART II—Section 3—Sub-section (ii)  
PUBLISHED BY AUTHORITY

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No. 60] NEW DELHI, THURSDAY, MARCH 23, 1961/CHAITRA 2, 1883

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**MINISTRY OF FINANCE**  
(Department of Economic Affairs)

NOTIFICATION

*New Delhi, the 23rd March 1961*

**S.O. 659.**—In exercise of the powers conferred by sub-section (2) of section 45 of the Banking Companies Act, 1949, the Central Government, after considering an application made by the Reserve Bank of India under sub-section (1) of that section, hereby makes an order of moratorium in respect of the Merchants' Bank Ltd., Tanjore for the period from the 24th March, 1961 to the 25th June, 1961 (both days inclusive) and hereby stays the commencement or continuance of all actions and proceedings against that banking company during the period of moratorium, subject to the condition that such stay shall not in any manner prejudice the exercise by the Central Government of its powers under clause (b) of sub-section (4) of section 35 of the said Act or the exercise by the Reserve Bank of India of its powers under section 38 of the said Act.

2. The Central Government hereby also directs that the Merchants' Bank Ltd. Tanjore, may, during the period of the moratorium granted to it, make payments in discharge of its liabilities and obligations to the extent and in the manner provided hereunder:—

- (i) the amounts of any drafts or pay orders issued by the said bank and remaining unpaid on the date on which the order of moratorium comes into force;
- (ii) the amounts of the bills received for collection on or before the 23rd March, 1961 and realised before, on, or after that date;
- (iii) any expenditure which has necessarily to be incurred in connection with any suits or appeals filed by or against or decrees obtained by the said bank or for realising any amounts due to it, provided that if any such expenditure is in excess of Rs. 250/-, the permission in writing of the Reserve Bank of India shall be obtained before it is incurred; and
- (iv) any other expenditure in so far as it is in the opinion of the banking company necessary for carrying on the day-to-day administration of the banking company, provided that the total amount of such expenditure during the period of the moratorium shall not, without the consent of the Reserve Bank of India, exceed the sum of two hundred and fifty rupees.

3. The Central Government hereby also directs that the Merchants' Bank Ltd. Tanjore may during the period of the moratorium granted to it, make the following further payments, namely, the amounts necessary for repaying loans or advances granted against Government securities or other securities to the Merchants' Bank

Ltd., by the Reserve Bank of India or the State Bank of India or any of its subsidiaries or by any other bank and remaining unpaid on the date on which the order of moratorium comes into force.

4. The Central Government hereby further directs that during the period of the moratorium, the Merchants' Bank Ltd., shall be permitted to operate its accounts with the Reserve Bank of India or with any other bank for the purposes of making the payments aforesaid provided that nothing in this order shall be deemed to require the Reserve Bank of India or any other bank aforesaid to satisfy itself that the conditions imposed by this order are being observed before any amounts are released in favour of the Merchants' Bank Ltd.

5. The Central Government hereby further directs that the Merchants' Bank Ltd., may during the period of moratorium return any bills which have remained unrealised to the persons entitled to receive them on a request being made in this behalf by such persons, if the bank has no right or title to, or interest in, such bills.

6. The Central Government hereby also directs that the Merchants' Bank Ltd. may release or deliver goods or securities which may be pledged, hypothecated or mortgaged or otherwise charged to it against any loan, cash credit or overdraft

- (i) in any case in which full payment towards all the amounts due from the borrower or borrowers, as the case may be, has been received by the bank, unconditionally, and
- (ii) in any other case, to such an extent as may be necessary or possible, without reducing the proportions of the margins on the said goods or securities below the stipulated proportions or the proportions which were maintained before the order of moratorium came into force, whichever may be higher.

[No. F. 4(48)-BC/61.]

R. K. SESHADRI, Dy. Secy.

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#### ERRATA

The date of Election Commission's Notification No. 282/PB/61, may be read as "20th March 1961" in place of "18th March 1961" which has been published in the Gazette of India Extraordinary Part II—Section 3(ii), dated 20th March, 1961 as S.O. 601 in Issue No. 53.